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A Blueprint for Social Security Reform

A Report by the
National Council of Welfare

Autumn 1994

Canada

A BLUEPRINT FOR
SOCIAL SECURITY REFORM

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National Council of Welfare

Autumn, 1994

Copies of this publication may be obtained from:

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Également disponible en français sous le titre:

Plans pour la réforme de la sécurité sociale

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Cat. No. H68-35/1994E

ISBN 0-662-22749-2

AVX 5442

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INTRODUCTION

On October 5, 1994, the Minister of Human Resources Development Canada, Lloyd Axworthy, tabled in Parliament a discussion paper entitled Improving Social Security in Canada. The paper put forward a number of options for reforming social programs for Canadians under the age of 65 and invited comments to help the federal government decide how to proceed.

This report by the National Council of Welfare is a first response to the discussion paper. We look forward to offering additional comments as negotiations on social security reform are held with provincial and territorial governments and as the proposals in the paper are refined and come before Parliament in the form of legislation.

The Council's perspectives on social security reform arise from years of research and dozens of reports on social policy. All the work was undertaken in fulfilment of our mandate to advise the federal government on matters of concern to low-income people.

The main perspectives in this report could be summarized as follows:

- * The prime goal of social security reform should be to reduce poverty in Canada. Low-income people should be better off after reform than they are at the present time.

- * Canada's social programs are surprisingly strong, given their age and infirmities. One proof of their strength is their ability to support large numbers of men, women and children during difficult times.

- * The overwhelming majority of people who fall back on welfare, unemployment insurance and other social programs have legitimate claims for assistance. Reports of fraud and abuse have been grossly exaggerated.

- * The primary reason for the large number of people on welfare and unemployment insurance in recent years is high unemployment. The best way to reduce the welfare and UI rolls is to create more jobs.

- * Governments should not try to reduce their deficits at the expense of the poor. Eliminating tax "loopholes" is a far better means of deficit reduction.

* Most recipients of welfare and UI would much rather be self-sufficient. Governments which complain about disincentives to work have a special obligation to make sure the disincentives are eliminated in the course of social security reform.

* Getting people into jobs is not the only goal of social programs. Some people have legitimate reasons for being outside the labour force and deserve a reasonable level of income support from governments. Paid jobs are not the only form of work. Unpaid work in the home and in non-profit and voluntary organizations also has value.

* Co-operation has a better chance of success than confrontation in social security reform. The best approach lies in governments, business groups, organized labour and the non-profit sector pooling their talents to address the problems we face collectively as Canadians.

This report begins with proposals on three social programs that are highlighted in the discussion paper. There is a proposal for a new program of work income supplements for families with children that could be the centrepiece of the federal government's commitment to eliminating child poverty. The next chapter urges the federal, provincial and territorial governments to renegotiate the terms of the Canada Assistance Plan to ensure reasonable support for people in need, a range of social services, and an end to disincentives to work in the welfare system. The chapter on unemployment insurance looks at the two main approaches to reform outlined in the discussion paper and recommends that the federal government proceed cautiously.

The next two chapters contain recommendations on economic and fiscal matters which are intimately tied to social security reform. We emphasize the importance of creating good jobs as the key to the well-being of the millions of Canadian families and individuals who would gladly choose self-reliance to reliance on programs such as welfare and unemployment insurance. As well, there are proposals for coping with the cost of social security at a time when governments across the country are struggling for money and searching for ways to reduce their deficits. Our recommendations would ease the burden and actually make the tax system fairer at the same time.

We hope that Canadians will take the opportunity to express their views on social security reform to the federal government. Our social safety nets were created to protect us all from falling into abject poverty, and we all have an interest in keeping them strong.

INCOME ASSISTANCE FOR FAMILIES WITH CHILDREN

Perhaps the most promising area of social security reform in the discussion paper is the prospect of more financial assistance for families with children. If done properly, it could become a powerful weapon in the battle against child poverty.

The discussion paper sets forth two main options for helping families with children. One is increasing the federal child tax benefit to direct more money to families at the low end of the income scale. The other option is a work income supplement that would provide benefits to parents with income from earnings as opposed to income from welfare or other government programs. We believe that a work income supplement has the potential to be the most important new national social policy initiative in more than a decade.

The National Council of Welfare has long been a supporter of federal benefits for families with children. We have spent much time over the years exploring possible improvements in the old system of family allowances and child tax credits, and we recommended improvements in the child tax benefit prior to its approval by Parliament.

Our research has shown, however, that it is extremely expensive to finance even a modest increase in support using federal child benefits as a starting point. The discussion paper suggests it might be necessary to cut off benefits to middle-income and upper-income families in order to provide additional help to low-income families of \$1,000 to \$1,500 a child. It also talks of reallocating funds from the welfare system as a way of making ends meet.

The other problem with increasing the federal child tax benefit and targeting it to low-income families is that some of the impact would probably be offset by restraints on the welfare benefits provincial and territorial governments provide to families with children. Governments might not deduct increases in the federal child tax benefit from their welfare rates, but they would be less inclined to raise their rates in future years because of the additional money being provided by Ottawa. Many welfare recipients have seen their purchasing power eroded in recent years. A few governments have even cut welfare rates or taken measures to remove people from the welfare rolls.¹

In our view, a work income supplement is a more imaginative and effective approach. Families would still receive the federal child tax benefit, but low-income families with earnings would get additional assistance from government. Because of the way supplements are designed, the cost would be much lower than the cost of expanding the child tax benefit.

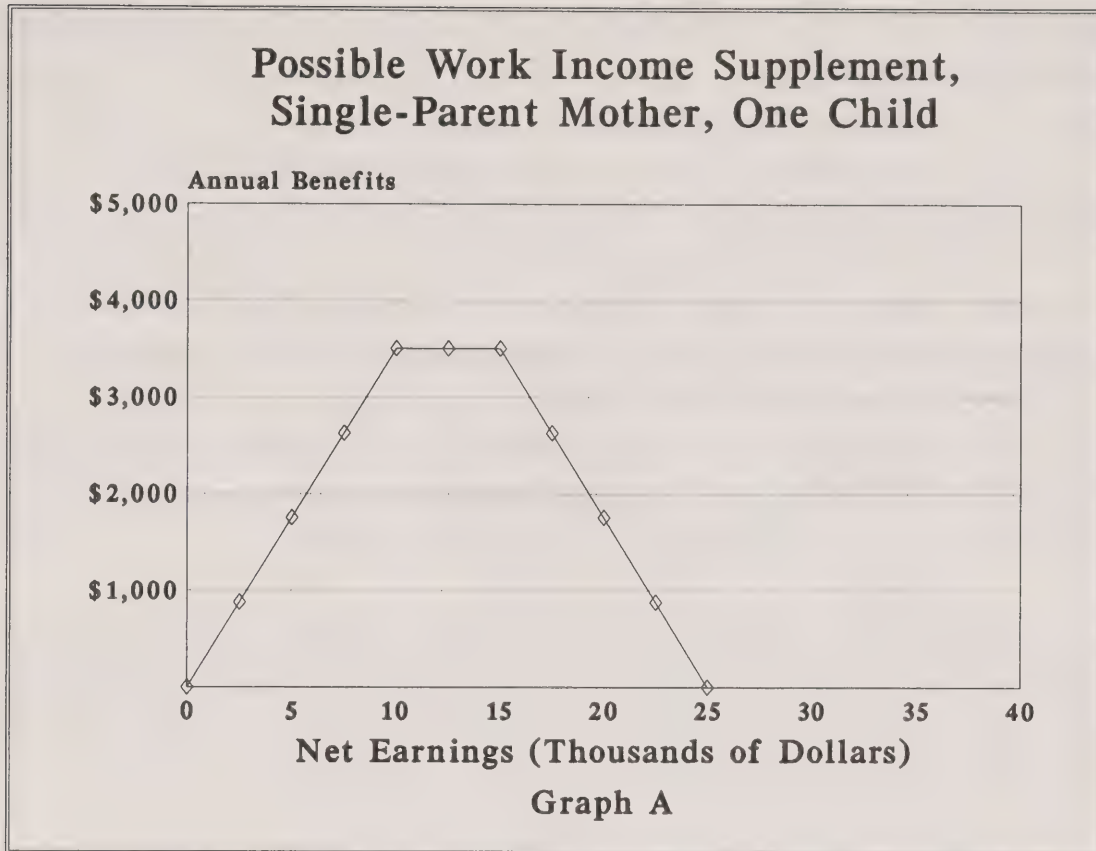
A work income supplement would help remove long-standing disincentives to work that exist in the welfare system. At the same time, it would address a major shortcoming of the wage system by providing additional income to wage-earners with children. Wage rates are largely a function of supply and demand and take no account of how many dependents a wage-earner has to support.

A new program of work income supplements for parents would be relatively easy to design and put into effect, either as a federal program or a joint federal-provincial program. Our preference is for a joint program, with benefits delivered by provincial and territorial governments using the "single-window" approach mentioned in the discussion paper.

The size or scope of the work income supplement could be increased in years to come as government finances permit, or the program could be extended to other low-wage workers in addition to parents.

As a starting point in the debate, we designed a model supplement that is a variation of the work income supplement in Quebec's Parental Wage Assistance Program. We described the Quebec program in detail in background papers on social security reform published last summer.²

Our model supplement is shown in Graph A on the next page, using the example of a single-parent mother with one child. The maximum benefit is \$3,500 a year. Benefits are phased in at a rate of 35 percent of net earnings. The maximum benefit goes to parents with net earnings of \$10,000 to \$15,000. Benefits are reduced by 35 percent of net earnings above \$15,000 and disappear once earnings reach \$25,000 a year.



Net earnings in the graph refers to gross wages minus deductions for federal and provincial income taxes, Canada or Quebec Pension Plan contributions, unemployment insurance premiums and \$50 a month for a bus pass or other means of transportation to get from home to work and back.

The major difference between our model and the work income supplement in the Parental Wage Assistance Program is the addition of a "plateau" for maximum benefits. The plateau has the effect of increasing the number of low-income parents who receive benefits. Without a plateau, the benefits shown in Graph A would disappear at net earnings of \$20,000 a year rather than \$25,000.

The actual cost of the program would depend on the size of the maximum benefit for different sizes and types of families, the speed in which benefits were phased in and phased out, and the size of the plateau.

By way of comparison, the cost of the entire Parental Wage Assistance Program in Quebec in 1993, including additional sums to defray child care expenses and housing costs, was about \$48 million, and the average benefit per family was about \$2,260. Assuming that the program was available in all parts of Canada and that the composition of families was more or less the same across the country, the annual cost would be in the neighbourhood of \$200 million.

Our version of a work income supplement would probably be considerably more expensive than \$200 million a year, but considerably less than the cost of making similar increases in benefits using the federal child tax benefit as a model.

We discuss ways of covering any additional costs associated with social security reform later in this report. It is clear to us, however, that spending more money now to fight child poverty would avoid substantial spending in the future to deal with all the social and economic problems that arise from child poverty.

Child Poverty and Adult Social Problems, a 1989 Senate committee report, discussed research in Canada and elsewhere linking child poverty and a host of other problems. Children who grow up in poverty have higher risks of physical and mental health problems throughout their lives. They face higher risks of illiteracy, higher school drop-out rates and higher rates of unemployment. They are also more apt to find themselves in trouble with the law as juvenile or adult offenders.

The committee was unable to give a precise estimate of the price Canada pays for child poverty, but it added: "What does seem to be clear is that child poverty, in concert with the many other conditions and problems with which it is associated, is in fact very costly to Canadians in social and economic terms."³

As an anti-poverty measure, a work income supplement would provide more income to low-wage families. It would also address a classic problem in the welfare system, the problem of high "tax-back rates" on welfare benefits for recipients who also have earned income.

Many provinces and territories deduct one dollar from the welfare cheques of recipients for every dollar of earnings past a token amount each month. In these cases, the tax-back rate on additional earnings is 100 percent. Marginal income tax rates of 100 percent for rich people would be considered ludicrous, but marginal tax-back rates of 100 percent have been a part of the welfare system from the very beginning. They are one reason so many people find it difficult to escape from welfare.

Some provinces have earnings exemptions based on a flat rate plus a percentage of additional earnings - for example, the first \$100 of earnings each month and 25 percent of earnings in excess of \$100 are exempt from the tax-back. These arrangements are better than dollar-for-dollar reductions in welfare, but they still impose high tax-back rates that are a disincentive to work.

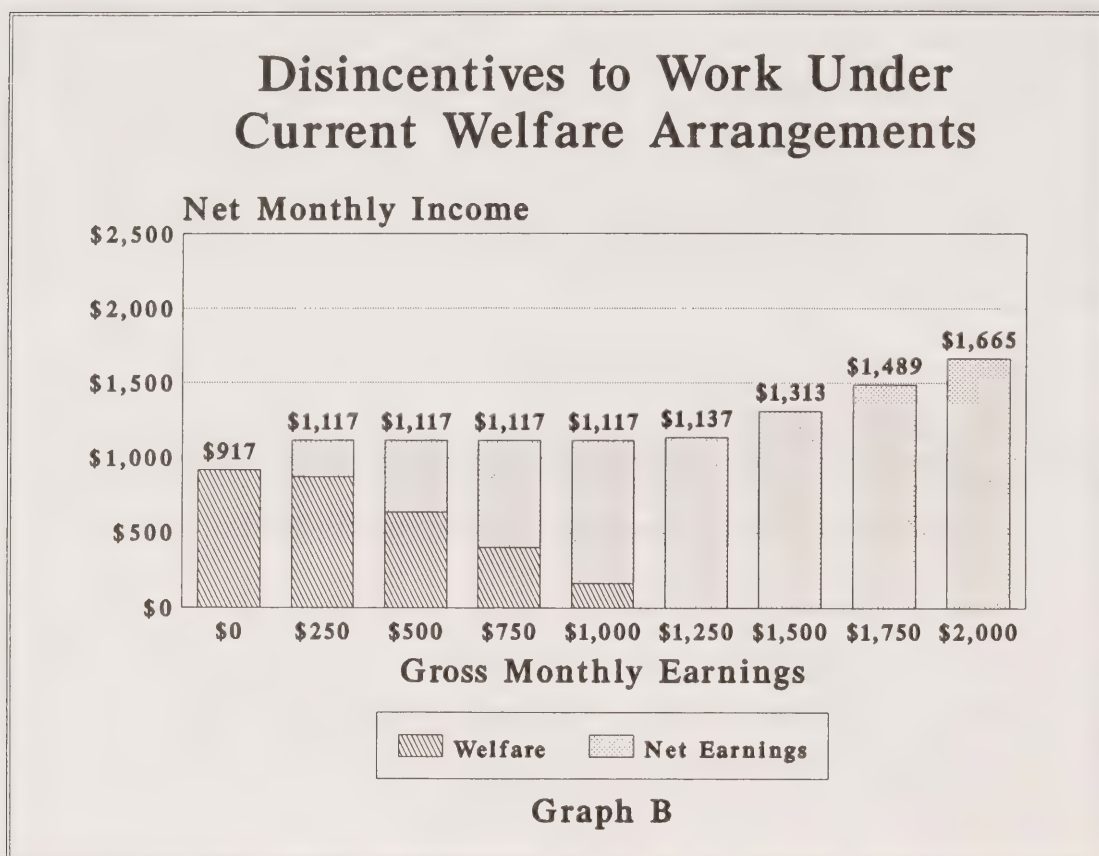
After grappling for some time with ways of overcoming high tax-back rates, the National Council of Welfare has reached the conclusion that there is no apparent solution within the welfare system itself. The answer lies outside the system in some form of assistance that is exempt from tax-backs. A work income supplement is probably the best available option.

Graph B on the next page shows the tax-back dilemma in simplified form, again using the example of a single-parent mother with one child. Different levels of gross earnings from zero to \$2,000 a month are shown across the bottom of the graph. The figures on top of the bars are net monthly income as a person moves from total dependence on welfare on the left side of the graph to total reliance on earnings on the right side.

The welfare system used in the example is one that allows a person to have \$200 of net earnings a month without losing any welfare benefits. After \$200, the person loses one dollar of welfare for every dollar of net earnings.

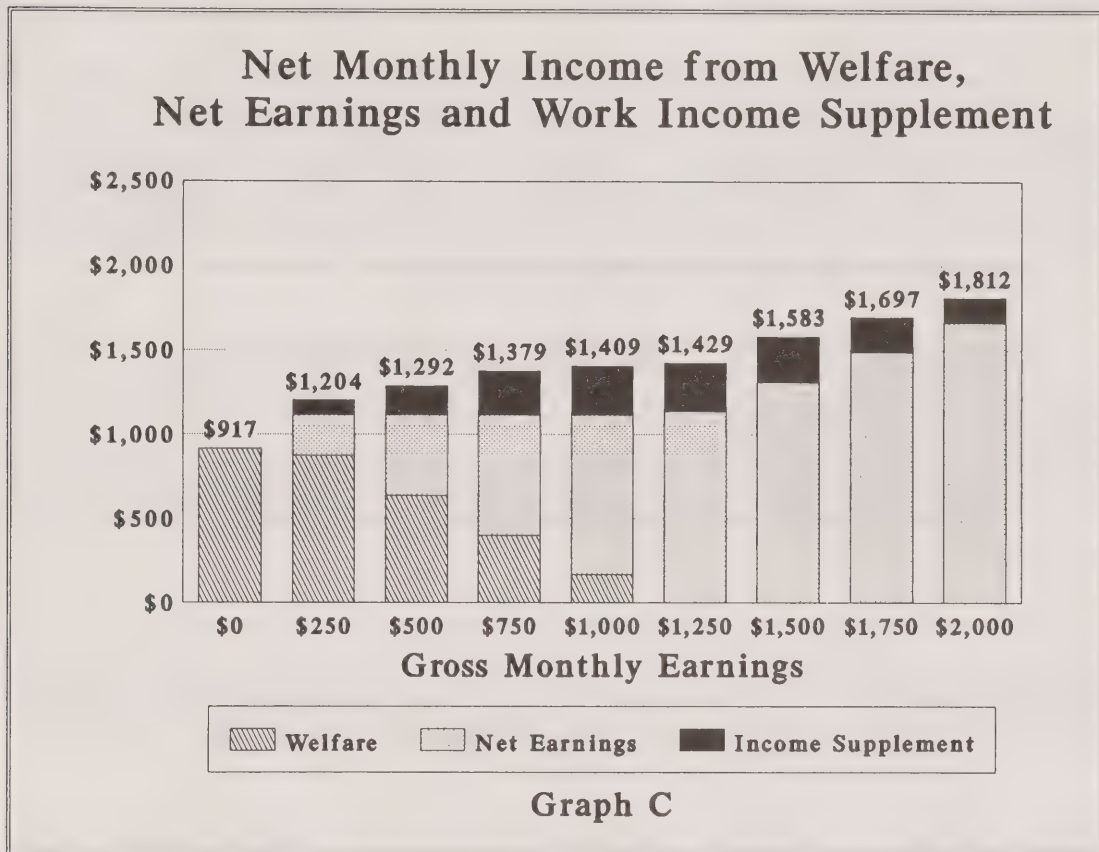
To help put the graph into perspective, gross earnings of \$250 a month are equivalent to 40 hours of work at \$6.25 an hour. That is what a minimum-wage worker in many provinces would get for one week of work per month. Gross earnings of \$1,000 a month are roughly equivalent to a full-time job at the minimum wage.

Also by way of comparison, the poverty line for a family of two persons living in a large city in 1993 was \$20,945 in gross annual income or \$1,745 a month. The National Council of Welfare uses Statistics Canada's low income cut-offs (1986 base) as its measure of poverty.⁴



The bar on the extreme left shows a single-parent mother with \$917 a month in welfare income and no earnings. The next four bars show the disincentive to work that is built into the welfare system - earnings rise and welfare income falls, but total net income is stuck at \$1,117. The mother represented in the graph can stay home and get \$917 a month on welfare, or she can work 160 hours a month in a minimum-wage job and wind up with an extra \$200 - a net gain of \$1.25 for every hour that she worked.

A work income supplement takes much of the sting out of high tax-back rates. Graph C adds a supplement of up to \$292 a month or \$3,500 a year using the model described at the beginning of this chapter.



The bottom portion of the bars is identical to Graph B. The only addition in Graph C is the work income supplement shown in solid black. The figures on net monthly income at the top of each bar show the impact of the supplement. As earnings rise, so does net monthly income. The person with \$1,000 in gross earnings - the equivalent of working full time at the minimum wage - winds up with \$492 more in net income than the person who relies on welfare alone. The income supplement continues to provide additional income to the family until net earnings reach \$2,083 a month or \$25,000 a year.

A work income supplement for low-income families with children would be an innovative and effective approach to fighting child poverty. Of all the options available to the federal government, this approach is the best on all counts. Ideally, provinces and territories would join the federal government and make it a program designed and cost-shared by both levels of government.

Any variations in the design of the supplement from one province to another should not be a problem as long as the federal share of the money is distributed fairly in all parts of the country. The former federal program of family allowances and the current federal child tax benefit both were designed to allow considerable flexibility. Quebec and Alberta took advantage of this and came up with their own formulas for benefits.

A work income supplement would complement rather than replace the federal child tax benefit. However, in the interest of simplifying the social security system wherever possible, it would make sense to drop the \$500-a-year work income supplement from the federal child tax benefit and use the money to cover part of the cost of the proposed new federal-provincial work income supplement.

Recommendation #1: The federal, provincial and territorial governments should commit themselves to providing work income supplements for low-wage parents.

Recommendation #2: The federal, provincial and territorial governments should join together to develop models for a work income supplement, to share the cost of providing supplements and to deliver benefits through a "single-window" approach. To avoid unnecessary duplication, the work income supplement of \$500 a year that is part of the current federal child tax benefit should be discontinued and the money used for the new supplement.

WELFARE AND SOCIAL SERVICES

People have been talking about the shortcomings of the welfare system for years. Social security reform should provide the occasion to stop talking and start dealing with these problems.

The National Council of Welfare has published a number of reports over the years on welfare and social services such as child care and legal aid. The suggestions for reform in this chapter pull together our major findings.

The welfare system in its present form dates back to 1966, when the federal, provincial and territorial governments agreed to set up the Canada Assistance Plan (CAP) as a framework for financing a social safety net of last resort. Over the years, welfare has helped many millions of men, women and children through difficult times. The plan also encouraged the development of a range of social services for low-income and middle-income Canadians.

The federal legislation that set up CAP contains very few requirements. Provinces and territories have to base their welfare programs on a "needs test," no residence restrictions are allowed, and there have to be appeal procedures for people to challenge the decisions of welfare officials.

The National Council of Welfare believes the time has come for the two levels of government to sit down and renegotiate the terms of the Canada Assistance Plan. A new federal-provincial agreement should contain guarantees of fair and reasonable federal financial support. In return, provincial and territorial governments should agree to respect certain minimum standards for welfare, to eliminate long-standing disincentives to work, to refrain from forcing recipients to work in "workfare" programs, and to redouble their support for social services.

Fair and Reasonable Federal Funding. One of the most worrisome constraints in the discussion paper is the call for a freeze on federal support for CAP. The paper says federal funding for CAP or "possible successor programs" is not to exceed the current level of \$7.7 billion a year in fiscal year 1996-97 and beyond.

The Canada Assistance Plan was intentionally designed as an open-ended arrangement, because welfare is not just another social program. It is the last line of defence for people who have exhausted all other means of support. Funding has to be open-ended to allow actual needs to be met. It is neither fair nor reasonable for any government to pick a figure out of the air and refuse to do more for people in need.

Naturally, we hope that government spending on welfare declines substantially as the unemployment rate declines and as incentives to work become stronger. The fact remains, however, that the number of people who depend on welfare will continue to rise and fall with changes in economic conditions.

Because needs are unpredictable and changing all the time, we believe it would be wrong to pursue the suggestion in the discussion paper for "block funding" to replace federal-provincial cost-sharing of the Canada Assistance Plan.

Block funding would most likely see the federal government transfer fixed sums of money to the provinces and territories each year for welfare and social services. The amounts would probably be determined by a formula tied to one or more economic indicators, perhaps along the lines of the formula used to determine federal transfers for medicare and post-secondary education.

The demand for health care and post-secondary education is reasonably stable through all phases of the economic cycle, and provinces and territories have a number of options for controlling costs over the long haul. The situation is different for welfare. The welfare rolls rise and fall from year to year, sometimes dramatically. Because welfare is intended to cover the basic necessities of life, governments have fewer ways of controlling costs short of simply ignoring the needs of the poor.

Fair and reasonable funding of CAP in our view means that the federal government should agree to cover at least half of the cost of welfare and social services and to refrain from abrupt and unilateral changes in its financial commitments.

From the beginning, the federal and provincial governments agreed that the Canada Assistance Plan would be financed by 50-50 cost-sharing. The federal government broke its

commitment in 1990 and imposed arbitrary limits on transfers to the three richest provinces: Ontario, Alberta and British Columbia. Under a formula enacted by Parliament, the federal government does not share increases in CAP costs in the three provinces in excess of five percent a year. Increases in actual costs beyond five percent are the responsibility of the provinces.

Ontario estimated that the federal share of CAP plummeted to 28 percent by the 1992-93 fiscal year as a result of the change in federal policy. The federal share in British Columbia dropped to 36 percent by the same year. Alberta was not severely affected and was forecasting decreases rather than increases in welfare costs because of cuts made by the provincial government.⁵

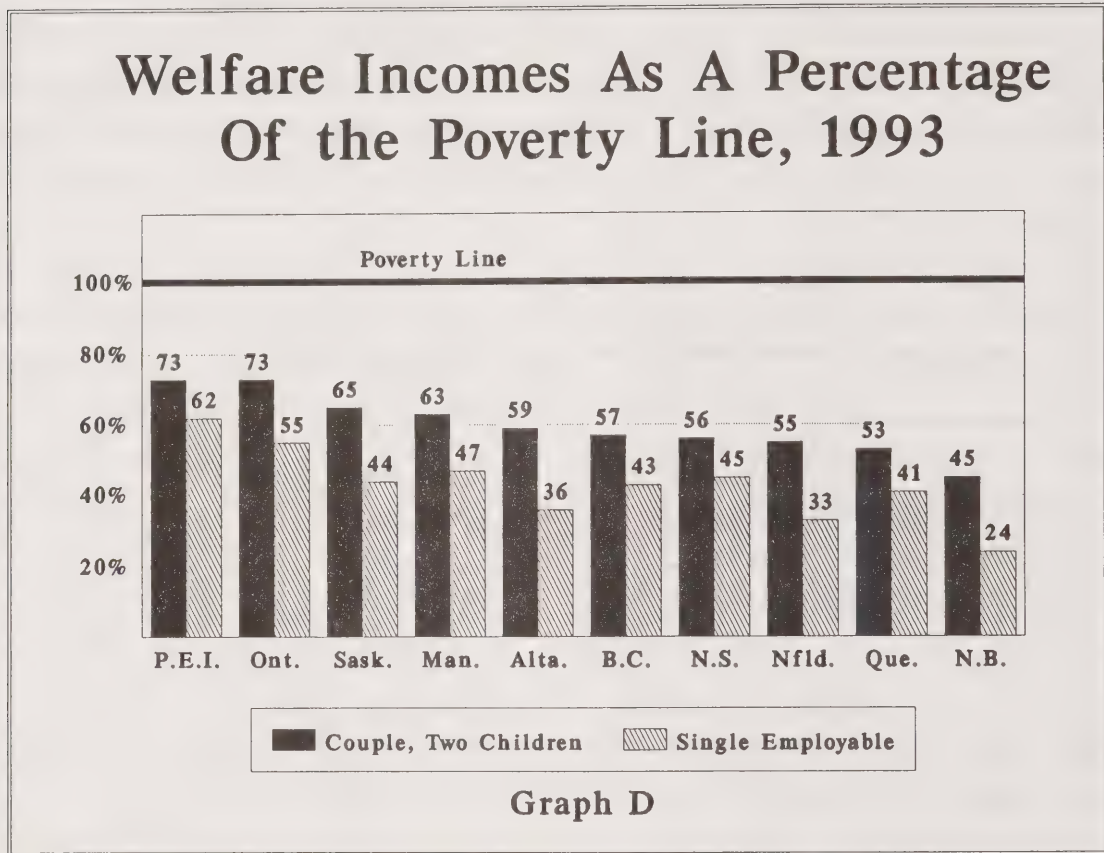
One of the strongest reports ever published by the National Council of Welfare was The Canada Assistance Plan: No Time for Cuts. It took direct issue with the notion that poor people should share the burden of deficit reduction. It called for an end to the "cap on CAP" in Ontario, Alberta and British Columbia and a return to 50-50 federal-provincial cost-sharing of welfare and social services provided under CAP.

The current federal government appears to agree that the five percent ceiling on federal spending for CAP is unfair. "That ceiling has had an uneven impact on federal financial support for social assistance recipients across Canada," the discussion paper says. "Fairness suggests a need to examine how the social security system can be redesigned to provide comparable levels of federal support for people on social assistance throughout the country."⁶

A return to 50-50 cost-sharing would be the logical way of returning fairness to the system. We would also be open to more generous federal contributions to the poorest provinces if they can make a convincing case that federal equalization payments are not enough to help them cover a reasonable portion of the cost of welfare and social services.

Reasonable Levels of Income Support. One of the striking features of the welfare system is the huge variation in the rates of assistance from one part of the country to another. Our annual Welfare Incomes series of reports documents a wide range in welfare rates for typical households.

Graph D shows the range in 1993 for two household types, a couple with children ages 10 and 15 and a single "employable" person. The incomes are expressed as a percentage of the poverty line, using Statistics Canada's low income cut-offs (1986 base). The territories are not shown, because they are excluded from the survey used to calculate the low income cut-offs.



The couple with two children, represented by the black bars, had income from all sources as high as 73 percent of the poverty line in Prince Edward Island and Ontario. The lowest level of support was 45 percent of the poverty line in New Brunswick. The range for single employable people, shown in the cross-hatched bars, was much lower, from 62 percent of the poverty line in P.E.I. to 24 percent in New Brunswick.

The differences in the graph appear to be due partly to the financial capabilities of each province and partly due to deliberate choices made by provincial governments. Rates were

relatively low in Quebec and three of the four Atlantic provinces, but they were relatively high in P.E.I. Similarly, Alberta and British Columbia had rates that were about the same for couples with children, but the rate for the single employable person was significantly lower in Alberta.

The federal legislation that set up the Canada Assistance Plan requires that welfare be provided to cover the cost of food, shelter, clothing, fuel, utilities, household supplies, personal care, religious obligations and recreation, but it does not say how the cost of each item should be calculated. The huge variation in welfare rates suggests that some rates are being set more or less arbitrarily.

The National Council of Welfare suggests that the requirement to cover basic needs be made much more explicit when governments renegotiate CAP. Perhaps the most sensible way to do this would be to have provinces and territories adopt a "market basket" approach to welfare rates. Each government would draw up a detailed list of the essential goods and services typical households need every month and the cost of each item in the local marketplace. All the calculations would be made public, so people outside government could judge for themselves whether the amounts provided by welfare are reasonable.

Between market basket surveys, welfare rates should be indexed to the Consumer Price Index of Statistics Canada and increased at least once a year. Indexing means that increases are provided by law and take effect automatically without any further action by legislatures or welfare officials.

Renegotiating CAP would also be an ideal time for trying to convince Nova Scotia, Ontario and Manitoba to abandon their two-tiered welfare systems. All three provinces have systems where municipal governments are responsible for providing and paying for some welfare and social services. Nova Scotia is the only one of the three that allows huge variations in welfare rates from community to community, but there are other long-standing problems in all three provinces.

The National Council of Welfare questions the value of having some welfare and social services handled by municipal governments. Allowing huge variations in areas such as welfare rates or special assistance for recipients with special needs runs counter to the notion of fairness.

Beyond this, we believe it is more appropriate that welfare and social services be financed by provincial and territorial governments with a relatively wide tax base, rather than local governments which rely heavily on property taxes and vary greatly in their ability to raise revenue.

Eliminating Disincentives to Work. All levels of government should agree to removing disincentives to work that have plagued the welfare system for years. The National Council of Welfare looked at the situation in detail in a 1993 report Incentives and Disincentives to Work. One of the tables in the report, reproduced below, compared net earnings at the minimum wage with the welfare incomes of five different types of households in 1992.

TABLE 1

**INCENTIVES (AND DISINCENTIVES) BY HOUSEHOLD TYPE,
WELFARE VERSUS WORK AT THE MINIMUM WAGE, 1992**

Household Type/ Province or Territory	Single Employable Person	Single Disabled Person	Single Parent	One- Earner Couple	Two- Earner Couple
Newfoundland	4,270	(842)	(2,135)	(2,696)	5,022
Prince Edward Island	125	(967)	(2,697)	(8,080)	(312)
Nova Scotia	2,448	(1,548)	(2,853)	(3,717)	4,269
New Brunswick	3,601	(771)	(789)	(3,003)	4,977
Quebec	2,207	1,127	2,793	(574)	7,154
Ontario	1,788	(2,412)	(4,685)	(8,810)	735
Manitoba	(42)	478	(46)	(9,047)	(1,353)
Saskatchewan	3,327	(408)	(618)	(4,390)	2,467
Alberta	2,059	1,039	(1,815)	(7,407)	1,049
British Columbia	2,349	(1,199)	(2,556)	(5,572)	2,925
Yukon	2,901	1,821	(1,115)	(7,723)	1,766
(Figures in brackets are disincentives.)					

The financial incentives and disincentives varied widely by family type and province and territory. There were considerable incentives to work for single employable people and two-earner couples, and considerable disincentives for the other three household types in most parts of the country.

In addition to these overall incentives and disincentives, there are also specific disincentives within the welfare system that need to be overcome.⁷

* Earnings exemptions should make it easier for welfare recipients to enter the work force without suffering huge financial penalties. Under current arrangements in some jurisdictions, welfare recipients lose a dollar of welfare for every dollar they earn beyond a token amount.

Because of the way the welfare system operates, it may be impossible to eliminate high "tax-back rates" entirely, but much could be done to ease the pain. Some jurisdictions have already switched to a combination of flat-rate and percentage earnings exemptions - for example, the first \$100 a month of earnings and 25 percent of any earnings above \$100 are exempt from welfare tax-backs.

* All welfare programs should base their earnings exemptions on net income rather than gross income, and they should allow welfare recipients who are in the paid labour force to deduct all reasonable work-related expenses in determining net earnings for the purpose of welfare entitlements. This also would take some of the sting out of high tax-back rates.

Welfare recipients should be able to deduct at least the following items from their gross earnings before any welfare tax-backs are applied: federal and provincial income taxes, Canada and Quebec Pension Plan contributions, unemployment insurance premiums, payroll deductions for occupational pension plans or supplemental health and dental benefits, union dues, work-related transportation costs, and the cost of equipment and clothing required for work.

* Welfare recipients should continue receiving assistance for prescription drugs, dental care and eyeglasses for a reasonable period of time after they enter the paid labour force. Low-wage workers should be entitled to similar benefits to encourage them to stay off welfare.

The prospect of losing coverage for health costs not covered by medicare is a clear disincentive to work. Several provinces have taken steps to address the problem, but Ontario seems to be the leader in the field.

Under provincial welfare programs in Ontario's two-tiered system, people who are almost poor enough to qualify for welfare and who have income from jobs or training allowances receive free dental services, prescription drugs, eyeglasses, and hearing aids plus a variety of other special items that are normally available only to welfare recipients. The purpose of these provisions is to create a "buffer zone" for people who are moving off welfare and to encourage low-wage workers to stay in the labour force rather than going on welfare.

Unfortunately, Ontario's municipal welfare programs are much more restrictive. They provide coverage for prescription drugs, but not other uninsured health services, to wage-earners who are not quite poor enough to qualify for welfare.

At the same time that governments are removing disincentives to work from their welfare programs, the ban on "workfare" implicit in the Canada Assistance Plan legislation should be made explicit. Forcing welfare recipients into menial or dead-end jobs simply is not good social policy.

Evaluations of dozens of work-for-welfare programs in the United States showed very small differences between welfare recipients who were forced to participate in various kinds of job programs in the 1980s and welfare recipients who did not participate. The Saturation Work Initiative Model in San Diego, California, produced savings to government but minimal benefits to participants. On the other hand, the Community Work Experience Program in West Virginia turned out to be a failure because of high unemployment in the state.⁸

Overall, the U.S. evaluations suggest that the programs had relatively little impact in helping people escape from poverty. Many simply moved from the welfare rolls to the ranks of the low-wage poor. We would like to see governments in Canada provide more money for experimental job programs which are not mandatory and which are more creative and more effective at the same time.

Expansion of Child Care and Other Social Services. Despite provisions for subsidized child care under CAP, the shortage of adequate and affordable child care remains a major problem for many families with children. Every major social policy group, including the National Council of Welfare, has called repeatedly on governments to come to terms with this problem.

The discussion paper restates an earlier commitment that could effectively double the availability of subsidized child care over the next several years. The paper says the federal government now pays about \$400 million a year on 150,000 subsidized child care spaces for children from low-income families. The commitment is to spend \$720 million over three years to create or subsidize up to 150,000 new spaces, beginning in the fiscal year that starts on April 1, 1995.

The paper promises discussions with provincial and territorial governments to make the best use of the new money. Shortage of spaces may be a prime concern in some areas, while affordability or accommodating the needs of parents who work unusual hours may be priorities in other areas. The paper also mentions the possibility of linking child care with community-based child development services.

The National Council of Welfare outlined its views in a 1988 report entitled Child Care: A Better Alternative. Some of the material in the report has been overtaken by subsequent events, but the basic principles still apply.

In brief, the report urged the federal government to help create more spaces in licensed child care centres and licensed family homes. It emphasized arrangements in the non-profit rather than the commercial sector. It called for minimum child care standards in all parts of the country. It rejected the idea of fixed ceilings on child care costs under CAP. And it proposed a sliding scale of subsidies based on income that would allow children from low-income families to receive care without making their parents pay any out-of-pocket fees.

Under current CAP arrangements, governments have income guidelines for parents who are not on welfare that help determine whether parents qualify for child care subsidies. The income levels vary greatly from province to province, but tend to be quite low. In many

jurisdictions, low-income families where both parents are working full time at the minimum wage do not qualify for fully subsidized care for their children.

Recommendation #3: The federal, provincial and territorial governments should negotiate a modern-day version of the Canada Assistance Plan. The new plan should require the federal government to cover at least half of the total cost of CAP in all provinces and territories. Provincial and territorial governments should agree to provide reasonable levels of income support, to eliminate a host of disincentives to work, and to support the development of social services such as child care and legal aid. The new agreement should contain an explicit prohibition against forcing people to work in designated jobs to receive welfare, but it should allow additional funding for voluntary job programs that are innovative and effective.

UNEMPLOYMENT INSURANCE

Unemployment insurance is an indispensable social safety net for millions of workers who find themselves unemployed from time to time. The National Council of Welfare agrees with the federal government that shortcomings in the system need to be addressed. However, we believe that the basic features of UI are sound and should not be compromised in the course of social security reform.

The core of UI is an insurance plan financed by workers and employers to provide income support during temporary periods of unemployment. There are obvious incentives for unemployed workers to find jobs, because benefits amount to no more than 60 percent of normal earnings and are paid for limited periods of time. There are financial penalties against people on UI who refuse to apply for jobs or accept suitable job offers. Since 1993, workers who quit their jobs for frivolous reasons or who are fired for misconduct are not eligible to receive benefits at all.

Unemployment insurance stands apart from most other social programs because it is not funded by governments. The federal government administers the program, but the money comes from workers and employers and is maintained in a special account within the consolidated revenue fund. UI is designed to be self-sustaining over time. The federal government covers temporary shortfalls in the fund until they can be repaid - with interest - from future UI premium revenues.

Most of the criticisms levelled against unemployment insurance are not the fault of the system itself, but the inability of governments to come to grips with three difficult problems: high levels of unemployment across the country that get worse during downturns in the economy, chronic and sometimes devastating levels of unemployment in certain areas of the country, and seasonal unemployment that is common in some industries.

The total number of people who rely on unemployment insurance is clearly related to the total number of people who are unemployed. With the unemployment rate up sharply as Canada entered the last recession, it was no surprise to see the UI rolls rise to record levels in 1991.

The numbers have been dropping as the unemployment rate edges downward. However, current unemployment rates remain well above the 1989 national average of 7.5 percent.

Chronic levels of high unemployment have been a particular problem in many parts of eastern Canada. Data from the Statistics Canada Labour Market Activity Survey for 1988 through 1990 showed a strong correlation between reliance on UI and high regional unemployment rates. More recent Statistics Canada figures show especially high reliance on UI in Newfoundland and Prince Edward Island, the two provinces with the highest unemployment rates.⁹

Workers in seasonal industries were covered by unemployment insurance as a result of reforms approved by Parliament in 1971. Workers in the construction trades have been among the biggest beneficiaries of extended coverage. In 1992, construction workers represented 4.7 percent of all paid workers and 16.7 percent of all UI beneficiaries.¹⁰

The discussion paper outlines two general approaches to reforming unemployment insurance. The first is to keep the present system more or less intact, although there could be changes in the weeks of work needed to qualify for UI, the number of weeks of benefits paid, and the percentage of normal earnings replaced by UI. The second approach would see the development of a two-tiered UI system. "Basic insurance" would go to workers who claim benefits on occasion, and "adjustment insurance" would cover workers who make frequent claims on the system.

The paper also talks about "employment development services" that would be tailored to the needs of people who are unemployed and aimed at helping workers fit in to the modern labour market. Presumably, these services would be part of either of the two general approaches to UI reform.

Adjustment insurance in the second tier of the proposal would undoubtedly provide fewer benefits to recipients. A variety of ways of doing this are mentioned in the paper, but there is no firm indication about the extent of the cuts that the federal government has in mind.

Two of the options for the second tier strike us as particularly unappealing. One is the suggestion that benefits be contingent upon recipients agreeing to take part in training,

counselling, job-search assistance or "other useful community service." We believe it is reasonable to require people to make the most of the available opportunities, but it is wrong to allow program administrators to force recipients into specific programs. The requirement of community service strikes us as tantamount to "workfare" within the welfare system, and our arguments against workfare in the previous chapter apply here as well.

The other unappealing proposal is to tie benefits to family rather than individual income. Depending on the details of the proposal, it could have the effect of denying benefits to many second wage-earners in a family, particularly women. People who were forced by law to pay UI premiums would be unable to claim UI benefits because of the earnings of their spouses.

On balance, the National Council of Welfare believes that improving unemployment insurance as it now stands is a more promising option for the federal government to pursue in the short term, and we have several specific proposals to make in that regard in the rest of this chapter. For the longer term, we would leave the door open to more sweeping approaches, including experiments with guaranteed annual incomes.

The Commission of Inquiry on Unemployment Insurance, popularly known as the Forget Commission, found some unusual patterns of usage in the data on UI recipients for 1984, suggesting that some workers or some employers adapted their work activity to the specific design features of UI.¹¹ We asked the Department of Human Resources Development Canada to update the data to see if any of the patterns persist. The latest data available from 1992 showed two patterns that were also apparent in the 1984 data.

The first unusual pattern is workers with 10 to 20 weeks of insured employment and 30 to 39 weeks of UI benefits. This group may include some workers in seasonal industries, but it would appear to be made up largely of workers who were employed in jobs designed to meet UI eligibility requirements. The number of regular beneficiaries and the distribution of beneficiaries by region are shown in Table 2. The number of beneficiaries refers to regular UI claims terminating in 1992 for workers who did not claim other types of benefits, such as sickness or maternity benefits.

The second unusual pattern, also shown in Table 2, is workers with 40 to 49 weeks of insured employment and less than ten weeks of benefits. This group could include some people

who simply needed a few weeks to find new jobs, but it is more likely the result of employers who found ways to avoid having workers on the payroll the entire year. Some of the figures could represent temporary lay-offs to allow plant maintenance or a reduction in product inventory. Some could be short-term contracts, where a person is hired for 40 weeks of work, sent away for 12 weeks, and then signed to a subsequent 40-week contract.

TABLE 2
UNUSUAL PATTERNS OF ACTIVITY
AMONG REGULAR UI RECIPIENTS WITH CLAIMS ENDING IN 1992

Region	Work of 10-20 Weeks, UI for 30-39 Weeks		Work of 40-49 Weeks, UI for Less Than 10 Weeks	
	Number	Percentage Distribution	Number	Percentage Distribution
Atlantic	77,500	48%	10,400	9%
Quebec	58,400	36%	36,900	26%
Ontario	12,300	8%	55,000	37%
Prairies	4,200	3%	22,200	17%
British Columbia	9,500	6%	18,800	11%
Canada	162,000	100%	143,300	100%

The number and distribution of the workers in the first two columns show a very strong regional pattern. The percentage of workers from the Atlantic region and Quebec is far in excess of their share of the working-age population, and it cannot be explained simply by provincial unemployment rates that are above the national average. This group of beneficiaries presumably accounts for a significant number of repeat users of UI.

Building on Our Strengths, the 1986 report of the Newfoundland Royal Commission on Employment and Unemployment, described two techniques that are used to maximize the number of people on unemployment insurance. One is an informal system of job-sharing that

sees workers laid off and replaced by others in the community as soon as they have enough weeks of work to qualify for UI. The second is make-work government employment programs whose real purpose is qualifying people for UI.

The pattern of longer term workers shown in the third and fourth columns is completely different. The distribution by region is very close to the distribution of the working-age population as a whole. That means the practice goes on to the same degree across the country.

Reform of unemployment insurance should come to terms with these two unusual patterns of activity.

It seems unfair to workers and employers across the country to expect UI to support a small, but significant group of workers whose jobs are short-term and specifically designed to make maximum use of UI benefits. The logical solution would be to raise the number of weeks of insured earnings needed to qualify for benefits.

The federal government adopted this approach in changes approved by Parliament in 1994. The minimum time needed to qualify for UI in an area of high unemployment was raised from 10 to 12 weeks. We suggest that the federal government monitor the impact of changes in eligibility and other changes which arise during the course of social security reform before considering further reductions in benefits.

The second pattern of UI usage is also unfair to workers and employers, particularly employers who make extra efforts to keep their workers on the job the entire year. Perhaps employers who try to use UI for relief from their normal payroll obligations could be required to pay both the employer and employee portion of UI premiums.

One other reform worth pursuing is providing the option of early retirement for UI beneficiaries 60 years old and older who have little realistic hope of finding decent jobs before they reach the normal age of retirement at 65.

As proposed by the National Council of Welfare in our 1990 report Pension Reform, the cost of providing full pensions at age 60 could be covered by the Canada and Quebec Pension Plans and a program similar to the federal Spouse's Allowance for all people in need aged 60

to 65. At age 65, people would receive the federal Old Age Security pension and Guaranteed Income Supplement.

Altogether, the changes in the three areas we have highlighted might lead to a noticeable reduction in the number of workers who are on the UI rolls at any given time. It would also produce corresponding cost savings and provide some relief for workers and employers who bear the cost through UI premiums.

Whatever changes are made in unemployment insurance, we urge the federal government to exercise extreme caution to make sure that savings on UI do not lead significant increases in the welfare rolls.

The number of people who exhaust their UI benefits has risen substantially. The data provided by the Department of Human Resources Development Canada show that the percentage of recipients of regular benefits who exhausted their claims rose from 28.4 percent in 1984 to 32.9 percent in 1992.

Some people wind up on welfare when their UI benefits run out. The extent of the problem is not known, but it appears to be fairly large. The Labour Market Activity Survey for the years 1988 through 1990 estimated that 369,000 people received both welfare and unemployment insurance sometime during the three-year period. Most of them were probably UI exhaustees. The 369,000 was equal to 32 percent of all working-age people who relied on welfare alone and nine percent of the working-age people who received UI alone.¹²

Other people who do not qualify for UI in the first instance may fall directly into the welfare safety net when they find themselves unemployed.

It would be counter-productive for the federal government to pursue cuts in unemployment insurance if the main outcome turned out to be an increase in the welfare rolls. Costs now borne by workers and employers through UI would be shifted to welfare programs, which are financed directly by governments. Meanwhile, unemployed workers would be worse off than before. Making the transition from UI back to work is difficult enough. Making the transition from welfare to work is even more difficult because of all the disincentives described earlier in this report.

One final point needs to be made about the financing of unemployment insurance. It has sometimes been argued that UI premiums and other payroll taxes are "killers of jobs," but we have yet to see any convincing proof of this in Canada. UI premiums have not changed radically in the last several years, and it is difficult to believe that the minuscule increase in 1994 had any impact at all.

Statistics compiled by the Organization for Economic Co-operation and Development show that the burden of payroll taxes in Canada is well below the burden in many other countries. In 1990, payroll and social security taxes accounted for 14.2 percent of tax revenues in Canada. The comparable figure for the United States, our biggest trading partner, was more than twice as high at 29.5 percent.¹³

Recommendation #4: The federal government should concentrate its efforts in the short term on correcting shortcomings in unemployment insurance rather than instituting the two-tiered system described in the discussion paper. In the longer term, governments should consider experiments with guaranteed annual incomes and other income support programs not tied directly to unemployment insurance.

Recommendation #5: The federal government should consult provincial and territorial governments about possible changes in unemployment insurance. Even though UI is under federal jurisdiction, changes in the program could have an impact on other social programs under provincial and territorial jurisdiction.

Recommendation #6: The federal government should ensure that changes in unemployment insurance do not simply lead to increases in welfare.

Recommendation #7: The federal government, with the support of the provinces and territories, should provide an early retirement option for unemployed workers aged 60 to 65. The Canada and Quebec Pension Plans should be amended to allow full pensions at age 60, and the federal Spouse's Allowance or an equivalent benefit should be paid to all persons in need aged 60 to 65.

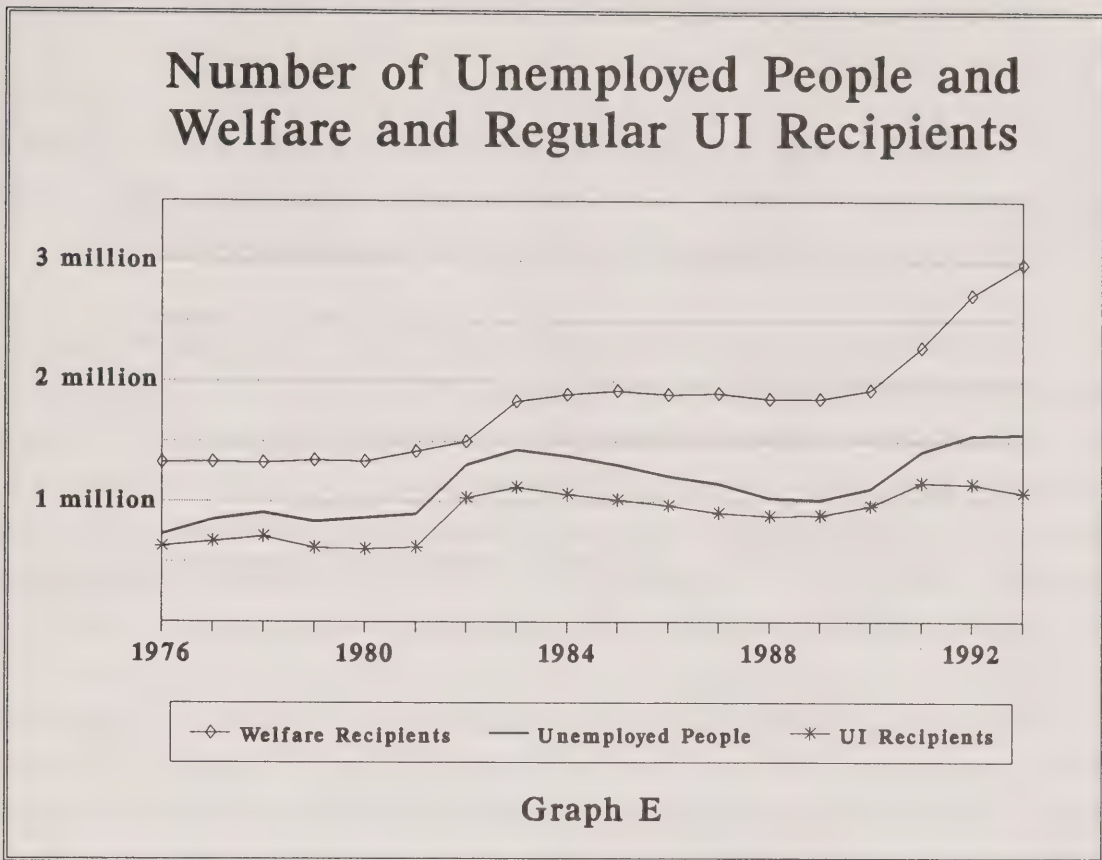
JOBS AND JOB CREATION

Unemployment is perhaps the cruellest of all economic woes because of the havoc it creates in the lives of the people it touches. Parents see their standards of living plummet. Children are subjected to higher than normal risks of poverty and all the harmful side effects that go with being poor. Older workers are forced to start spending the nest eggs they were hoping to save for retirement. Young people just out of school have to put their career ambitions on hold and take any job available to earn a living.

Unemployment also takes a toll on our social and economic well-being in general. People who are unemployed have less money to spend, and that dampens demand for goods and services. Businesses who provide goods and services have lower sales and find more red ink on their balance sheets. Governments get less in tax revenues because people are earning less and buying less. The increased cost of programs such as unemployment insurance and welfare adds to the financial problems facing governments at the very time when their tax revenues are weakest. One recent analysis estimated that Canada would be more than \$100 billion a year richer if we could somehow get unemployment down to a "full employment" rate of 3.5 percent.¹⁴

At the same time, high rates of unemployment have the perverse effect of exaggerating imbalances in the distribution of wealth in Canada. One computer simulation analyzing the distributional effects of unemployment between 1981 and 1987 suggests that low-income people, people with little education, blue collar workers, women, married couples, the young, and residents of the Atlantic provinces are the biggest losers.¹⁵

In the context of social security reform, it is worth underlining the link between unemployment and reliance on welfare and UI. Graph E shows the average number of unemployed people each year from 1976 through 1993, the number of welfare recipients as of March 31 each year, and the average number of people who received regular unemployment insurance benefits each year. People who received other types of UI benefits, such as sickness or maternity benefits, are not included.



The number of unemployed people, represented by the solid line, rose from 726,000 in 1976 to more than 1.4 million in the aftermath of the recession of the early 1980s. It peaked again at more than 1.5 million following the recent recession.

The number of welfare recipients, shown in the line marked with diamonds, is consistently higher than the number of unemployed people, because the welfare rolls include dependent children and adults who are not in the labour force because of illness, disability or family obligations. The number of people on welfare in March 1976 was 1.3 million, and the comparable figure for 1993 was nearly three million.

The number of regular UI recipients, shown in the line marked with stars, is consistently lower than the number of unemployed people, because some unemployed people did not work

enough to qualify for UI or exhausted their UI benefits. The average number of people getting regular UI benefits was 627,000 in 1976 and just over one million in 1993.

It is clear from Graph E that higher rates of unemployment are the main reason for the sharp increase in the number of people on UI and welfare in recent years. The converse is also true: the best way to reduce spending on UI and welfare is to reduce unemployment.

Research by the Department of Social Services in London, Ontario, gives a stark example of the impossibility of making much of a dent in UI and welfare in the absence of jobs. In March, 1994, the local Canada Employment Centre reported a total of 1,957 job vacancies in London. That same month there were 42,933 individuals or heads of households on UI and welfare - 14,644 individuals on UI, 14,745 heads of households on municipal welfare, and 13,544 heads of households on provincial welfare. Some of the households on welfare were headed by people unable to work, but others included more than one employable adult.¹⁶

The federal government's discussion paper contains a number of suggestions for increasing employment. Most of them fall under the general heading of "employment development services." Current spending in this area amounts to about \$3.3 billion: \$1.9 billion from the unemployment insurance fund for workers who get UI and \$1.4 billion from the federal government for people not on UI.

The paper proposes to increase spending on employment development services by using money saved on UI benefits to develop a wide range of flexible programs tailored to individual needs and real job opportunities. Specific proposals in the paper include:

- * earnings supplements to help displaced workers get jobs;
- * wage subsidies to encourage employers to hire more people;
- * a variety of workplace and institutional training;
- * basic skills such as literacy and numeracy;
- * apprenticeship programs with learning in the workplace as well as the classroom; and

* flexible work arrangements, including compressed work weeks and job sharing.

As much as the National Council of Welfare supports all these proposals, we would like to see a stronger emphasis on creating new jobs. Enhancing the skills of workers is important, but there is a big difference between employability and employment. We have to devote more of our resources to creating more jobs for workers to fill.

We propose that governments start by giving priority to finding the best and most effective kinds of earnings supplements or wage subsidies to encourage employers to expand their payrolls. One model worth another look is the Canadian Employment Tax Credit Program, a three-year experiment undertaken in 1978 at the suggestion of the Canadian Federation of Independent Business. An evaluation published by the Economic Council of Canada found some shortcomings in the tax credit, but noted many attractive features.

"On balance," the study said, "we suggest that well-designed, marginal-employment subsidies have an important role to play during periods of high unemployment."¹⁷

Since that time, a number of countries have experimented with different types of tax incentives to create jobs. Canada should be able to take advantage of the results of these programs as well as our own experiments. To maximize the chances for success, we also believe that job programs should include solid counselling services for workers and solid follow-up services for employers during the course of training.

We see a continuing role for direct job creation by governments and would support a modest increase in the efforts now being mounted. Direct job creation tends to be expensive, but it can play an important role in enhancing the infrastructure of Canada to the good of our communities.

We see a need as well to review legislation on labour standards. Some laws may have to be changed to encourage alternative kinds of work arrangements such as job sharing. Legislation should accommodate workers who want to take unpaid leave from time to time or workers who would use some of their paycheques to build up funds for paid leave or sabbaticals. Laws governing pension plans should make it possible for workers to retire before age 65. On the other hand, the law should discourage the practice of "double dipping" where a worker can

retire from a job and be rehired as a consultant or contract employee for the same employer. Finally, there is the challenge of finding reasonable ways to discourage employers from using excessive amounts of overtime as an alternative to hiring additional workers.

At the same time that we look at possible changes in labour laws to open up more jobs, we should ensure that the laws provide adequate protection to workers, particularly workers in part-time or low-wage jobs. Part of this task should be a review of minimum wages and the way their real value has plummeted since the mid 1970s.¹⁸ Labour standards legislation should also enable part-time workers to get the same fringe benefits on a pro-rata basis as full-time workers.

In all efforts related to jobs, we urge governments to adopt a "tripartite" approach by seeking the active participation of business and labour groups. Clearly, no single group has a monopoly on innovative ways of creating jobs and ensuring decent pay and benefits for workers.

Recommendation #8: The federal government should give greater priority to job creation. We recommend a modest increase in direct job creation programs and more emphasis on carefully designed earnings supplements or wage subsidies to promote hiring by employers. Pilot projects along these lines should be undertaken immediately.

Recommendation #9: The federal, provincial and territorial governments should review their labour standards legislation with the twin goals of creating more jobs and ensuring reasonable pay and benefits for workers. The review should cover minimum wages and the sharp decline in their purchasing power in recent years.

Recommendation #10: The two levels of government should promote the option of early retirement by allowing retirement at age 60 without penalty under the Canada and Quebec Pension Plans and early retirement under occupational pension plans.

Recommendation #11: Governments should seek the advice and co-operation of business and labour groups in all initiatives related to jobs, pay and benefits.

FINDING THE MONEY FOR SOCIAL SECURITY REFORM

Social security reform has the potential to reduce the cost of social programs over the long term. However, it is difficult to see how reform can succeed without some additional spending in the short term.

The federal government says there is no additional money available for new or existing social programs. The discussion paper talks of sizable cuts in some programs and restraints and reallocations in others.

The National Council of Welfare urges the federal government in the strongest possible way to reconsider its position. Social programs are underfunded going into social security reform because of past restraints and cuts. The scope of the further cuts suggested in the discussion paper could spell disaster for literally millions of Canadians.

Fortunately, there is a way to provide more money for social programs and reduce the deficit at the same time. In this chapter, we propose eliminating a select number of tax expenditures that would yield the federal, provincial and territorial governments approximately \$10 billion a year in additional revenues without any general increase in taxes. We further propose that the additional revenues be split, with half going to reduce federal, provincial and territorial deficits and half used to enhance social programs.

By coincidence, the amount of additional revenues in our proposals is just enough to allow the federal Minister of Finance to realize his deficit reduction goals for the next fiscal year.

Tax expenditures or tax "loopholes" are actually revenues that are given up by governments in support of particular aims of public policy. Some tax expenditures, such as the credits taxpayers claim on their income tax forms for donations to charity, are a sensible part of the tax system and enjoy widespread public support. Other items, such as lifetime exemptions from capital gains taxes, have attracted considerable controversy, because the reasons for their existence have never been widely accepted and the beneficiaries are mostly well-to-do Canadians.

Many of the tax expenditures in the personal and corporate income tax systems were trimmed or eliminated in recent years as governments searched for additional sources of revenue. A number of loopholes remain, however, despite persistent warnings from across the political spectrum about the size of government deficits.

Tax expenditures are every bit as important as government spending when it comes to the balance sheet. Governments can choose to allow tax expenditures which reduce the amount of money they collect, or they can choose to spend money on programs. Either way, the result is the same. Every dollar in tax expenditures adds a dollar to the deficit, just like every dollar in program spending.

The National Council of Welfare believes that a number of tax expenditures could be eliminated without increasing the tax burden on low-income people and without subjecting well-to-do people to levels of taxation that are punitive or out of line with taxes in the United States. In fact, getting rid of many tax expenditures would actually add to the fairness of our tax system.

Our analysis is based on the premise that "a buck is buck" when it comes to taxation. Wages and salaries should be taxed the same way as income from investments, business ventures and pension plans. Exceptions to the rule should have to be justified as necessary, sensible and efficient. They should not be allowed simply on the basis of pleadings from special interest groups.

To our knowledge, there has never been an exhaustive study of the tax expenditures in both the personal and corporate income tax systems. The Finance Department publishes estimates of selected items from time to time, and some items can be calculated from the personal income tax statistics published each year by Revenue Canada. Unfortunately, Revenue Canada does not publish annual statistics on corporate income taxes.

Table 3 lists some of the personal tax expenditures based on Revenue Canada statistics for 1992, the latest year available, and the way the expenditures were distributed among Canadians with incomes above and below \$60,000. We chose \$60,000 as the dividing line, because it is close to the start of the highest marginal federal income tax bracket of 29 percent. In 1992, the bracket started at taxable income of \$59,180.

The actual tax breaks associated with each item were calculated by the National Council of Welfare using a federal tax rate of 29 percent for the group with incomes of \$60,000 or more and a rate of 22 percent for those with incomes of less than \$60,000 - halfway between the actual tax brackets of 17 percent and 26 percent.

We added 50 percent to the federal tax savings to account in rough fashion for similar savings in provincial and territorial personal income taxes. All jurisdictions except Quebec have tax collection agreements with Ottawa that use "basic federal tax" as a starting point for calculating provincial and territorial taxes. Quebec has its own income tax system.

TABLE 3

FEDERAL-PROVINCIAL TAX SAVINGS BY INCOME GROUP, 1992

Type of Tax Break	Taxfilers with Incomes of \$60,000 or More		Taxfilers with Incomes Under \$60,000	
	Number of Claims	Average Tax Break	Number of Claims	Average Tax Break
Preferred treatment of dividend income	356,290	\$2,149	1,068,490	\$169
Preferred treatment of capital gains	233,820	\$4,495	540,530	\$363
Lifetime capital gains exemptions	165,220	\$13,616	403,190	\$1,066
Tax deductions for contributions to RRSPs	793,530	\$2,695	4,042,880	\$806
Tax deductions for contributions to registered pension plans	485,180	\$1,595	3,228,100	\$509
Total Taxfilers by Income Group	1,162,230		18,274,840	

All the items in the table are explained in more detail later in this chapter. Preferred treatment of dividend income refers to the dividend tax credit. Preferred treatment of capital gains refers to the practice of taxing only 75 percent of actual gains and excluding the other 25 percent, while the lifetime exemptions refer to measures which allowed taxpayers complete exemptions from taxes on up to \$100,000 or \$500,000 worth of capital gains. Registered retirement savings plans (RRSPs) and registered pension plans, sometimes called occupational or employer-sponsored pension plans, are well known. The amounts shown in the table refer to the value of the tax breaks on RRSPs and registered pension plans, not the amounts contributed.

For all these items, the largest tax breaks by far went to taxpayers with incomes in excess of \$60,000 a year. The most extreme example was the lifetime capital gains exemptions. Taxpayers with incomes of \$60,000 or more who claimed an exemption for 1992 got a reduction in their federal and provincial income taxes of \$13,616 on average, while taxpayers with incomes under \$60,000 got an average tax break of \$1,066.

In terms of the impact of tax expenditures on government revenue, the most recent bird's eye view comes from a 1993 publication by the Finance Department entitled Personal and Corporate Income Tax Expenditures. It covers personal income tax expenditures for 1989, 1990 and 1991 and corporate tax expenditures for 1989 and 1990.

The National Council of Welfare selected a short list of tax expenditures from the publication and three other items that we believe should be addressed immediately. The list appears as Table 4 on the next page. The total of \$8.7 billion represents additional revenue that could have been used in 1990 to reduce government deficits and provide additional money for social programs.

We chose 1990 because it was the last year for estimates covering both personal and corporate tax expenditures. We accepted the federal government's calculations at their face value, and we added 50 percent to take in the amount of tax expenditures for provincial and territorial governments. The table contains only one "new" tax, a tax on transfers of wealth.

TABLE 4

**SOURCES OF TAX REVENUE TO REDUCE GOVERNMENT DEFICITS
AND FINANCE IMPROVEMENTS IN SOCIAL SECURITY PROGRAMS, 1990**

Description of Item	Annual Amount
Taxing capital gains at their full value	\$1.7 billion
Taxing dividends at their full value	\$1.0 billion
Taxing lottery and gambling winnings	\$1.2 billion
Eliminating extra allowances for tax depreciation for corporations	\$1.2 billion
Giving tax credits for RRSP contributions instead of tax deductions	\$1.1 billion
Giving tax credits for contributions to registered pension plans instead of tax deductions	\$0.6 billion
Taxing wealth transfers	\$1.9 billion
Total	\$8.7 billion

Capital gains refer to increases in the value over time of items such as stocks and bonds, business property, summer cottages, and items for personal use valued in excess of \$1,000, including jewellery, works of art, rare books, and stamp and coin collections. For the past several years, only 75 percent of the value of a capital gain has been subject to personal or corporate income tax. The other 25 percent of the gain is excluded from taxable income.¹⁹

The figure of \$1.7 billion in Table 4 is the Finance Department's estimate of \$1.1 billion in personal and corporate tax revenues lost by the federal government in 1990 because only part of the value of capital gains was subject to tax. We increased the estimate by 50 percent to account for similar tax losses by provincial and territorial governments.

The figure does not include tax revenue that was lost because of the general \$100,000 lifetime capital gains exemption or the specific \$500,000 lifetime capital gains exemptions on

small business shares and farm property. The 1994 federal budget moved to limit the impact of the general \$100,000 exemption by making capital gains realized after February 22, 1994, ineligible for the exemption.

Even the Finance Department concedes that the current tax treatment of capital gains is inequitable, complex and applied unevenly to different kinds of gains. While the 1994 budget did not propose any immediate changes in the \$500,000 lifetime exemptions on small business shares and farm property, it did propose a review to see whether there are better ways of encouraging investment in small business and farming.²⁰

The Ontario Fair Tax Commission went even further in its 1993 report to the Ontario government. It recommended that the province try to convince the federal government to stop excluding 25 percent of capital gains from personal or corporate taxable income, and it called for an end to all three of the lifetime capital gains exemptions.²¹

By way of comparison, the main tax break given to capital gains in the United States is a maximum federal tax rate of 28 percent, compared to the normal rate of 39.6 percent in the top tax bracket for taxable income in excess of \$250,000.²²

The second item in Table 4 refers to the preferred tax treatment of dividends. Dividends are amounts paid to shareholders from the after-tax profits of corporations. The current tax system requires individuals to "gross up" dividends on their tax returns to 125 percent of the actual value, but then provides a tax credit equal to 13 1/3 percent of the grossed-up amount.

If dividends were taxed like other income, the additional revenues to the federal and provincial governments would have been about \$1 billion higher in 1990.

The Finance Department contends that full taxation of dividends would amount to double taxation, because the money has already been taxed at the corporation level and would be taxed again in the hands of individual recipients. Strangely, the Department does not complain about double taxation in the case of the Goods and Services Tax, where people who have already paid personal income tax have to pay the GST on purchases that they make with after-tax dollars. The same arguments apply in the case of provincial sales taxes or local property and school taxes.

The Ontario Fair Tax Commission recommended that the federal government consider eliminating or restructuring the dividend tax credit. The U.S. tax system gives no special treatment to dividends on most common and preferred stock.

Lottery and gambling winnings are exempt from income tax in Canada, and that cost governments \$1.2 billion in 1990. Taxation of lotteries and gambling would reduce the real value of the prizes and could theoretically make it more difficult to sell lottery tickets or encourage people to go to the racetrack or casino. On the other hand, lotteries, racing and casinos all are popular in the United States, where winnings have long been subject to federal income tax. The U.S. also taxes prizes "in kind" at their fair market value.

Eliminating the extra allowances for tax depreciation for corporations refers to "capital cost allowances" in the corporate tax system. Businesses normally write off or depreciate capital assets over a period of years in accordance with accepted accounting procedures. Capital cost allowances represent write-offs for tax purposes that are in addition to normal bookkeeping write-offs.

The amount of \$1.2 billion in the table is our estimate of the combined federal-provincial impact of capital cost allowances. Most provincial and territorial corporate income taxes, like personal income taxes, are based on the federal corporate tax. Quebec, Ontario and Alberta have their own corporate tax systems.

The next two items in Table 4 deal with converting tax deductions to tax credits for people who contribute to registered pension plans at work or who have registered retirement savings plans. The tax expenditures in these two cases were calculated by the National Council of Welfare because they were not considered in the Finance Department publication.

The changes we are proposing for RRSPs and registered pension plans in this chapter are extremely modest. People would still be able to put large sums of money into RRSPs and registered pension plans. They would still get a tax break on their contributions. The interest or other earnings in RRSPs and pension plans would continue to be sheltered from tax as long as it remained in the plans. Federal and provincial income taxes would be paid on the proceeds only after the plans were cashed in.

Under the current system of tax deductions, the size of the tax breaks for RRSPs and registered pension plans depends on the tax bracket a person is in. People in the top federal bracket of 29 percent get a federal tax break of \$290 for every \$1,000 of contributions and perhaps another \$145 in provincial or territorial tax breaks for a total tax saving of \$435. The tax savings would be slightly higher if federal and provincial surtaxes were factored into the equation. People in the middle tax bracket of 26 percent get a federal tax break of \$260 for every \$1,000 contributed and another \$130 in provincial or territorial tax breaks for a total tax saving of \$390. For people in the lowest tax bracket of 17 percent, the savings on a contribution of \$1,000 works out to \$170 in federal tax breaks and \$85 in provincial tax breaks for a total of \$255.

If tax credits replaced tax deductions, all taxpayers would get the same tax break of \$255 for every \$1,000 contributed to an RRSP or registered pension plan. All the other features of RRSPs and pension plans could remain the same as they now are.

Most of the items in the personal income tax system that traditionally were deductions were converted to credits as part of the tax reforms introduced by the previous federal government. Even contributions to the Canada and Quebec Pension Plan, premiums for unemployment insurance, and the tax break given on the first \$1,000 a year in income from pension plans were converted from deductions to credits. Yet the Finance Department continues to resist calls to shift from tax deductions to tax credits for contributions to RRSPs and registered pension plans.

Table 4 shows that the Finance Department's intransigence cost the federal and provincial governments \$1.1 billion in RRSP deductions and \$600 million in registered pension plan deductions in 1990.

The situation is much worse today, because of increases in the contribution limits for RRSPs since 1990. The limit on RRSP contributions in 1990 was 20 percent of earned income to a maximum of \$7,500. The limit was lowered to 18 percent of earned income in 1991, but the dollar maximums were increased to \$11,500 in 1991, \$12,500 in 1993 and \$13,500 in 1994.²³

In 1992, the federal and provincial governments lost an estimated \$2.3 billion in revenues by sticking to tax deductions for contributions to RRSPs and registered pension plans. Taxation statistics for 1993 and 1994 are not yet available, but the additional losses will certainly continue to grow as long as RRSP contribution limits continue to grow. It is unbelievable to think that governments could ignore such an obvious drain on revenues in the midst of vociferous campaigns to reduce their deficits.

The proposal in Table 4 for a tax on transfers of wealth could be a variation of the estate taxes or succession duties once levied in Canada. At the present time, Canada, Australia and New Zealand are the only countries in the Organization for Economic Co-operation and Development (OECD) that do not levy any kind of tax on accumulated wealth.

The estimate of \$1.9 billion in revenue from a wealth transfer tax is our estimate of what Canadian taxes comparable to U.S. taxes would have yielded in 1990. The OECD calculated that the yield from U.S. estate taxes was equivalent to 0.29 percent of the country's gross domestic product in 1990.²⁴ The comparable yield in Canada would be 0.29 percent of the 1990 gross domestic product of \$669.5 billion or \$1.9 billion in wealth taxes.

The U.S. tax system has a top marginal tax rate of 50 percent on estates valued for tax purposes at \$2.5 million or more. However, it provides a "unified" tax credit of up to \$192,800, so the maximum effective marginal tax rate is in the order of 36 percent of the value of an estate. The U.S. provides generous deductions or exemptions for property inherited by a spouse or given to charity. There is also a federal tax credit against estate taxes levied by state governments.

One item that is not included in Table 4 and not covered in the Finance Department paper is the treatment of capital assets held in family trusts, a tax expenditure under review this fall by the Commons Finance Committee. The amount of revenue involved is said to be hundreds of millions of dollars, although the Finance Department maintains the loss is impossible to estimate.

When capital gains were first made subject to tax in 1972, the federal government made special provisions to allow capital gains taxes on assets held in family trusts to be deferred until January 1, 1993, a provision that came to be known as the "21-year rule." In effect, the

government provided a 21-year tax holiday on capital gains as long as the property in question remained in the trust. The idea was that there would be a "deemed disposition" of the property in 1993 and the capital gains tax would become payable.

Prior to the 1993 deadline, the previous federal government changed the legislation to allow capital gains taxes to be deferred even longer, until the last family member benefitting from a trust died. The deferral was opposed by both opposition parties in the Commons. Following the 1993 election, the new government said it would review the tax break.

The list in Table 4 includes some of the largest tax expenditures, but it is far from exhaustive. Billions of dollars in tax revenue is lost because of other items of questionable value, particularly on the corporate tax side. As well, the Finance Department was unable to come up with any estimates at all of the cost of a number of personal or corporate tax items mentioned in Personal and Corporate Income Tax Expenditures.

The National Council of Welfare would like to see immediate action on the specific tax expenditures described in this chapter. We believe that social security reform cannot succeed unless governments are willing to commit additional funds for new or enhanced social programs. We also believe that getting rid of more tax expenditures is a vital part of efforts by governments to reduce their deficits. Many government programs and transfer payments have already been cut to the bone. It would be profoundly unfair to make additional cuts in social programs that are designed primarily for low-income Canadians and at the same time to ignore tax loopholes that lavish billions of dollars on high-income Canadians.

Our calculations show that governments could have raised an additional \$8.7 billion in revenues in 1990. Accounting for growth since 1990 and recent increases in RRSP contribution limits, the current figure is probably in the neighbourhood of \$10 billion.

Additional revenues of \$10 billion a year would give the federal government an additional \$6.7 billion a year and provincial and territorial governments collectively an additional \$3.3 billion a year. Half of the total in each case would pay for more secure social safety nets and half would ease the strains of government deficits.

Beyond this, we would like to see the federal government take the lead in examining all tax expenditures, with a view to eliminating those that do not measure up.

Recommendation #12: Beginning with the 1995 tax year, the federal, provincial and territorial governments should attempt to raise an additional \$10 billion a year in tax revenue by putting the selected measures proposed in this text into effect. Half of the proceeds should be used to reduce government deficits and the other half used to enhance social security programs.

Recommendation #13: For the longer term, governments should study all personal and corporate tax expenditures with a view to eliminating unnecessary revenue losses.

Recommendation #14: Governments should refrain from arbitrary cuts in social programs for the purpose of reducing their deficits. Our social programs have already been weakened by past reductions and restraints, and further cuts in social programs could be disastrous for the people who depend on them.

OTHER ISSUES IN THE DISCUSSION PAPER

Child Support. The discussion paper mentions the possibility of standardized guidelines for child support following marriage breakdown and better enforcement of child support orders. Both areas have been the subject of much talk for many years, but the results to date have been disappointing.

Ontario, for example, has one of the best enforcement systems. Non-custodial parents are required by law to make their child support payments to a provincial government agency, and the agency transfers the payments to custodial parents. In the event of default, the province takes whatever steps are necessary to try to extract the money from the defaulting parent.

Unfortunately, it may take some time to collect overdue amounts from a non-custodial parent, or the money may never be collected. Either way, it is the parent taking care of the children who has to cope with the unexpected loss of income.

The National Council of Welfare came to the conclusion years ago that the best way out of this dilemma was a system of advance maintenance payments. Governments themselves would make regular support payments to non-custodial parents and would recover the amounts due from non-custodial parents. Simply put, governments rather than custodial parents would bear the cost of defaults in the short run.

Federal Support for Post-Secondary Education. The federal government provides money for post-secondary education and medicare under an arrangement known as Established Programs Financing (EPF). Federal support under EPF consists of a combination of cash transfers paid annually to provincial and territorial governments and federal taxing powers which were transferred to provincial and territorial governments in 1977.

The paper offers the unappetizing choice of phasing out cash transfers for post-secondary education or developing a system of "income contingent repayment loans." Instead of providing support for institutions of higher learning, the federal government would loan money to students and tailor repayments to a student's ability to pay after graduating and getting a job.

The National Council of Welfare outlined a more appealing alternative in our 1991 report Funding Health and Higher Education: Danger Looming. We suggested that the two levels of government separate the current EPF arrangements into their two component parts: medicare and post-secondary education. They would negotiate new financing agreements based solely on the cash portion of each program. There would be a formula for regular increases in federal cash transfers, perhaps in line with the Consumer Price Index. We also support national standards in the field of post-secondary education along the lines of the standards for medicare in the Canada Health Act. We are especially interested in provincial and territorial guarantees of access for students from low-income households and guarantees that future tuition increases will be kept within reasonable limits.

Our approach would be much better than seeing federal support disappear outright, it would be infinitely easier to oversee than a complex system of individual income contingent repayment loans, and it would be easier to hold the line on tuition increases. The discussion paper concedes that tuition increases could be "a necessary price to pay" under the loans option.

People with Disabilities. People with disabilities are acutely aware of the need for new approaches to disability in public policy and programs. We hope the federal government will pay heed to the views of organizations with special expertise, such as the Council of Canadians with Disabilities and the Roeher Institute, during the course of social security reform.

In a paper published earlier this year, for example, the Roeher Institute proposed the creation of a "Canadian disability resource program" to provide a variety of supports such as wheelchairs, special medications, prosthetic devices, attendant services, home and vehicle adaptations, and personal support workers.²⁵

Some of these services are already available through the welfare system, but availability varies widely from program to program and sometimes from caseworker to caseworker because of the degree of discretion in the system.

Some of the people who would benefit from the proposed new program would still have to rely on welfare for basic income assistance. The welfare reforms proposed earlier in this

report should be accompanied by similar changes to make sure people with disabilities do not get trapped on welfare.

The National Council of Welfare has long urged governments to stop forcing recipients into artificial classifications such as "employable" and "unemployable." Governments should raise the limits on liquid assets they allow people to retain and still qualify for welfare. People with disabilities believe they need to be able to set aside modest additional amounts of savings to cover the cost of emergencies or unexpected special needs. More reasonable earnings exemptions would help people with disabilities enter the paid labour force. Finally, pending the creation of a new system of supports, welfare programs should provide services as a matter of right rather than as a matter of administrative discretion.

CONCLUSION

The National Council of Welfare was created by Parliament in 1969 as a citizens' advisory group to the federal government and given a very specific mandate: to advise the government on matters affecting the well-being of low-income Canadians. We reflected often on that mandate as we examined a variety of options for social security reform.

We see reform as an opportunity to advance the fight against poverty and not as an exercise to reduce the federal deficit. We stand behind the millions of men, women and children who depend on social programs. We believe that low-income people should be better off, not worse off, as a result of reform. And we most certainly do not accept the idea of reducing government deficits on the backs of the poor.

Our own approach to reform has been to look first for features of social programs which should be maintained or enhanced and then for problems that need to be addressed. In some cases, that led us to proposals for change within an existing framework. In others, we opted for sweeping new approaches.

Our proposals for welfare reform might be considered modest by some people, because we would keep the Canada Assistance Plan as the basic federal-provincial-territorial framework for welfare and social services. Our package as a whole is anything but modest, however. It would give people who fall into the social safety net of last resort a higher degree of support than ever before and at the same time provide much better opportunities for people to regain their self-reliance.

A more radical break with the past is our call for a new program of work income supplements for low-wage workers with children. We go beyond all the options in the discussion paper and outline a brand new social program that would benefit low-wage families trying to make ends meet. It would also be a substantial boost to families on welfare in their efforts to break free of the system. And it could open the door to a new era of co-operation between governments.

Perhaps the most innovative recommendation in the report deals with tax expenditures which are used extensively by upper-income Canadians and corporations. We propose the elimination of a short list of tax breaks valued at close to \$10 billion a year. And we urge the federal, provincial and territorial governments to use the money in two different ways - half for social security reform and half to reduce government deficits.

We believe these and our other recommendations would allow the federal government to fulfil its promise of social security reform in a way that is fully consistent with the values Canadians hold in common. As the discussion paper put it:

Those values of compassion, ensuring the basic necessities of food and shelter for all, and sharing opportunity are at the heart of the social security system we've inherited. As we undertake the job of redesigning and modernizing it, we must preserve those values.²⁶

RECOMMENDATIONS

1. The federal, provincial and territorial governments should commit themselves to providing work income supplements for low-wage parents.
2. The federal, provincial and territorial governments should join together to develop models for a work income supplement, to share the cost of providing supplements and to deliver benefits through a "single-window" approach. To avoid unnecessary duplication, the work income supplement of \$500 a year that is part of the current federal child tax benefit should be discontinued and the money used for the new supplement.
3. The federal, provincial and territorial governments should negotiate a modern-day version of the Canada Assistance Plan. The new plan should require the federal government to cover at least half of the total cost of CAP in all provinces and territories. Provincial and territorial governments should agree to provide reasonable levels of income support, to eliminate a host of disincentives to work, and to support the development of social services such as child care and legal aid. The new agreement should contain an explicit prohibition against forcing people to work in designated jobs to receive welfare, but it should allow additional funding for voluntary job programs that are innovative and effective.
4. The federal government should concentrate its efforts in the short term on correcting shortcomings in unemployment insurance rather than instituting the two-tiered system described in the discussion paper. In the longer term, governments should consider experiments with guaranteed annual incomes and other income support programs not tied directly to unemployment insurance.
5. The federal government should consult provincial and territorial governments about possible changes in unemployment insurance. Even though UI is under federal jurisdiction, changes in the program could have an impact on other social programs under provincial and territorial jurisdiction.
6. The federal government should ensure that changes in unemployment insurance do not simply lead to increases in welfare.

7. The federal government, with the support of the provinces and territories, should provide an early retirement option for unemployed workers aged 60 to 65. The Canada and Quebec Pension Plans should be amended to allow full pensions at age 60, and the federal Spouse's Allowance or an equivalent benefit should be paid to all persons in need aged 60 to 65.
8. The federal government should give greater priority to job creation. We recommend a modest increase in direct job creation programs and more emphasis on carefully designed earnings supplements or wage subsidies to promote hiring by employers. Pilot projects along these lines should be undertaken immediately.
9. The federal, provincial and territorial governments should review their labour standards legislation with the twin goals of creating more jobs and ensuring reasonable pay and benefits for workers. The review should cover minimum wages and the sharp decline in their purchasing power in recent years.
10. The two levels of government should promote the option of early retirement by allowing retirement at age 60 without penalty under the Canada and Quebec Pension Plans and early retirement under occupational pension plans.
11. Governments should seek the advice and co-operation of business and labour groups in all initiatives related to jobs, pay and benefits.
12. Beginning with the 1995 tax year, the federal, provincial and territorial governments should attempt to raise an additional \$10 billion a year in tax revenue by putting the selected measures proposed in this text into effect. Half of the proceeds should be used to reduce government deficits and the other half used to enhance social security programs.
13. For the longer term, governments should study all personal and corporate tax expenditures with a view to eliminating unnecessary revenue losses.
14. Governments should refrain from arbitrary cuts in social programs for the purpose of reducing their deficits. Our social programs have already been weakened by past reductions and restraints, and further cuts in social programs could be disastrous for the people who depend on them.

FOOTNOTES

1. The National Council of Welfare report Welfare Incomes 1993 gives details of changes in real income over time for different types of welfare households in different parts of the country. See pp. 31-36.
2. Five background papers were published by the Council in the summer of 1994. See especially the third paper in the series, "Income Assistance for Families with Children."
3. Standing Senate Committee on Social Affairs, Science and Technology, Child Poverty and Adult Social Problems (December 1989), p. 17.
4. The full range of low income cut-offs for 1993 and estimates for 1994 were published by the Council in Poverty Profile 1992, p. 75.
5. National Council of Welfare, Social Security Backgrounder #1, "First Thoughts about Reforming Social Programs: Unemployment Insurance and Welfare" (Summer, 1994), pp. 6-7.
6. Human Resources Development Canada, Improving Social Security in Canada: A Discussion Paper (Ottawa: Minister of Supply and Services Canada, 1994), p. 73.
7. The rest of this section is taken from the National Council of Welfare report Incentives and Disincentives to Work.
8. For a summary of the U.S. experiments, see Social Security Backgrounder #4, "Working for Welfare." For details of the U.S. experiments, see Gueron, Judith M., and Edward Pauly, From Welfare to Work (New York: Russell Sage Foundation, 1991).
9. Extensive data from the Labour Market Activity Survey appears in the first chapter of Incentives and Disincentives to Work. The link between UI and high regional unemployment rates is shown in Table 2 on page 11.
10. Statistics Canada, Unemployment Insurance Statistics, 1994 (Catalogue No. 73-202S), p. 17.
11. See Appendix G of the Report of the Commission of Inquiry on Unemployment Insurance (Ottawa: Minister of Supply and Services Canada, 1986).
12. Incentives and Disincentives to Work, Table 1, p. 10.
13. Organization for Economic Co-operation and Development, Revenue Statistics of OECD Member Countries, 1965-1991 (Paris: OECD, 1992), p. 77.

14. Bellemare, Diane, and Lise Poulin-Simon, What is the Real Cost of Unemployment in Canada? (Ottawa: Canadian Centre for Policy Alternatives, 1994).
15. Erksoy, Sadettin, "The Effects of Higher Unemployment on the Distribution of Income in Canada: 1981-1987," Canadian Public Policy XX:3 (September 1994).
16. Kirkham, Jennifer, and Patti Laframboise, Obstacles and Opportunities for London's G.W.A. Clients, Part II (London: Department of Social Services, 1994), p. 3.
17. Gera, Surendra, Creating Jobs in the Private Sector (Ottawa: Economic Council of Canada, 1988), p. 59.
18. Appendix B of Incentives and Disincentives to Work gives details of the decline in the real value of the minimum wage.
19. Information about Canadian taxes in this chapter comes from a variety of Revenue Canada publications.
20. Minister of Finance, Tax Measures: Supplementary Information (February 22, 1994), p. 1.
21. Ontario Fair Tax Commission, Fair Taxation in a Changing World (Toronto: Queen's Printer for Ontario, 1993), p. 343-352.
22. Information about U.S. taxes in this chapter comes from a variety of publications by the U.S. Internal Revenue Service.
23. For other proposals on RRSPs and registered pension plans, see the National Council of Welfare report Pension Reform.
24. Ontario Fair Tax Commission, p. 384. The table was compiled from taxation data originally reported in Revenue Statistics of OECD Member Countries, 1965-1991.
25. Rioux, Marcia H., and Cameron Crawford, The Canadian Disability Resource Program: Offsetting Costs of Disability and Assuring Access to Disability-Related Supports (Toronto: Roeher Institute, 1994).
26. Improving Social Security in Canada: A Discussion Paper, p. 9.

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NATIONAL COUNCIL OF WELFARE

The National Council of Welfare was established by the Government Organization Act, 1969, as a citizens' advisory body to the federal government. It advises the Minister of Human Resources Development on matters of concern to low-income Canadians.

The Council consists of members drawn from across Canada and appointed by the Governor-in-Council. All are private citizens and serve in their personal capacities rather than as representatives of organizations or agencies. The membership of the Council has included past and present welfare recipients, public housing tenants and other low-income people, as well as educators, social workers and people involved in voluntary or charitable organizations.

Reports by the National Council of Welfare deal with a wide range of issues on poverty and social policy in Canada, including: income security programs, welfare reform, medicare, poverty lines and poverty statistics, the retirement income system, taxation, labour market issues, social services and legal aid.

On peut se procurer des exemplaires en français de toutes les publications du Conseil national du bien-être social, en s'adressant au Conseil national du bien-être social, Pièce 1876, Immeuble Jeanne Mance, Ottawa K1A 0K9.

